FONDATION ROBERT SCHUMAN

POLICY PAPER

European issues
n°643
18th October 2022

Where is China heading?

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China is ambitious, it is making this known and everyone is beginning to realise it. So much so that today a growing number of observers fear that it will take greater risks to achieve its objectives and fall into the famous "Thucydides' trap"; in short, that it will launch into a war, notably around Taiwan, which would inevitably involve the United States. Isn't its goal to supplant America and become the world's leading power? If, by 2028 or 2030, the Chinese economy were to exceed the US economy in terms of GDP, it is doubtful that it will succeed in removing the US from its pedestal. This is likely to be lower and more contested. But rather than a power transition, the world is witnessing the emergence of new, permanently asymmetrical bipolarity and, no doubt, a new Cold War[1].

"WAR IMPOSSIBLE, PEACE IMPROBABLE"

First of all, what can be said of Taiwan, the most likely war scenario? Since 2021, Beijing has increasingly been rattling sabres around the 30-year-old democratic island, whose official name is the Republic of China, as opposed to the People's Republic of China, the regime founded by Mao Zedong in 1949 and currently chaired by the powerful Xi Jinping. The Chinese government has repeatedly sent its fighter jets to challenge Taiwan's air defence zone. It is trying to prevent third-country warships from crossing the Taiwan Strait, the 150-kilometre-wide arm of the sea that separates the two Chinas, without its permission. But is it ready to annex Taiwan by force?

In five- or ten-years' time, China will have the means to do so unless the United States intervenes, which is increasingly likely, given all the statements made by the Biden administration since it took office and the Pentagon's increasingly open mobilisation to dissuade the People's Liberation Army (PLA) from embarking on such an enterprise. In the longer term, the question is twofold: which side will have the courage to risk a nuclear conflict if its attack or defence plans fail? While China has a vital interest in Taiwan, the US does not. As a result, it is feared that in the more distant future, despite the vague commitments made to Taipei, Washington will force the capital to accept some form of unification in exchange for the preservation of its democracy.

But many uncertainties remain before such a compromise can be negotiated, in particular the value of the "*one country, two systems*" formula devised by Deng Xiaoping in the light of recent developments in Hong Kong: can Taiwan accept this trusteeship without attempting to resist? Consequently, for the foreseeable future, it is the potential cost of any armed aggression by the island that will continue to deter Beijing from taking action.

In the South China Sea, Beijing has adopted the same 'grey zone' strategy of intimidating and pushing its advantage without crossing the threshold into war. However, by sending their navies there Washington, Paris, London and now even Berlin are challenging China's territorial and maritime claims - the famous nine-dash line that includes more than 80% of this sea. This confrontation is likely to continue, allowing other bordering countries, such as Vietnam, the Philippines and Malaysia, to maintain their presence there. Indeed, as China is striving to conclude a binding code of conduct with these countries in the South China Sea, it has no interest in changing the status quo, especially as it already physically dominates the area in terms of the number of its artificial islands, its ships and armaments.

On the world stage, the pandemic has confirmed the extent to which China's external strategy has given priority to the South in view of winning it over to its cause in its fight against the North and especially the capitalist and democratic West. This strategy is obviously reminiscent of Mao's strategy of seizing power in China

[1] *This text is part of the "Schuman Report on Europe, State of the Union 2022", which has just been published, Éditions Marie B, May 2022.*

by taking control of the countryside and encircling the cities. During the Covid pandemic, Xi Jinping's New Silk Roads continued to roll out, reaching every corner of the globe, although the reduction of its financial envelope and the growing indebtedness of developing countries have gradually slowed the pace. There is no reason why in the coming years Beijing should change a strategy that has helped it win over many developing countries to counter-resolutions defending its interests in Xinjiang or Hong Kong.

The strict quarantine rules imposed and maintained in 2022 by the Chinese government have, of course, greatly reduced travel, hampering the smooth functioning of Beijing's international diplomacy and thus communication between Chinese and foreign economic actors and civil societies. These restrictions have contributed to isolating China while the rest of the world has been rapidly returning to a more normal way of life. But they have not significantly slowed down Chinese trade or investment abroad: the former grew by almost 30% in 2021, while the latter increased by 15% in the course of the same year. These trends are likely to continue in the coming years, barring a severe Chinese recession, which is unlikely.

More generally, the pandemic has not prevented the Chinese government from maintaining a high level of diplomatic activity in all directions, through video conferences or by sending Wang Yi, Minister of Foreign Affairs, or his boss, Yang Jiechi[2] , everywhere it deemed it necessary. This activism is likely to continue. With the United States, the temperature dropped a little after the meeting between Xi Jinping and Joe Biden on 18 November 2021, but it now seems likely that there will be no return to a policy of engagement on Washington’s part. The consensus of opposition to the People's Republic is too strong, too durable. In other words, America intends to continue its military-strategic containment of China, with the help of the Quad, the AUKUS and even NATO, to continue to exclude the most threatening Chinese companies from its market and, if possible, from that of its allies (Huawei in particular) and to increase the barriers against any transfer of sensitive or advanced technologies to that country.

[2] Director of the Central Foreign Affairs Committee of the Chinese Communist Party and member of the Political Bureau

Of course, it is likely that the Americans and Chinese will continue to cooperate on climate change, as shown by the agreement they signed ahead of COP26 in Glasgow. They will probably also resume their trade negotiations. And Beijing has finally agreed to open discussions on strategic issues, namely nuclear weapons. But on Taiwan, the South China Sea, trade issues, human rights, especially the situation in Xinjiang and Hong Kong, disagreements are likely to remain insurmountable. Moreover, the obstacles to any agreement on issues such as trade and nuclear issues remain numerous. The adoption of a "phase 2" agreement still seems out of reach. And the People's Liberation Army is rapidly increasing the number of its nuclear warheads from 300 to 700 in 2027 and to 1,000 in 2030, challenging the strategy of minimal deterrence displayed until now (the United States has more than 4,000); moreover, it is developing new hypersonic missiles that weaken the US technological superiority. In these conditions, how can an agreement be reached? Rather, a new arms race is to be expected.

At the same time, contacts with the European Union have remained intense as Beijing has sought to drive a wedge between it and the American ally. But here too something has broken that will be difficult to repair in the future: the Europeans are gradually realising that an overly strong Communist China is not in their interest.
Already badly damaged by its aggressive "wolf warrior" diplomacy and the multiplication of its *ad hominem* attacks, China's image in the North has deteriorated sharply according to surveys by the Pew Research Center. And it is unlikely to improve in the years to come, a perception that is sure to influence the Chinese policies of governments in democratic countries.

It is especially in the South that China can continue to increase its influence in the future. Opinions there remain favourable to China, as they do in the United States (around 60% in Africa according to the Afrobarometer), as most developing countries have become dependent on Beijing, both for financing (through more or less concessional loans) and for infrastructure construction (always by Chinese companies). In many developing countries, Beijing's largesse will continue to attract more elites in the coming years. Nevertheless, the debt issue is likely to complicate its relations with a number of countries, particularly in Africa, which remain overwhelmingly closer culturally and ideologically to the West than to China, even when they are authoritarian.

But it is in its regional environment that Beijing faces the most difficulties. With Tokyo, its relations are likely to remain poor due to the increasing number of incursions around the Senkaku Islands (Diaoyu in Chinese), administered by Japan since 1895 but claimed by China since the 1970s, rising tensions around Taiwan and, more broadly, the fear in the archipelago of the emergence of a powerful and hegemonic China. Relations with Seoul are likely to improve but the North Korean situation will continue to affect them. As ASEAN became China's largest trading partner in 2020, ahead of the European Union, it is likely to become more suspicious of its large neighbour as China consolidates its regional dominance, prompting it to call more explicitly on the United States to strengthen its role as a counterweight. Despite a resumption of economic trade, Sino-Indian relations will struggle to recover from the crisis caused in 2020 by the first deadly border incidents since 1975: they will continue to be the mix of cooperation and strategic rivalry that they have become accustomed to. The fall of Kabul on 15 August 2021 added a source of uncertainty and insecurity to China's western border (the Wakhan corridor), forcing Beijing to quickly find a *modus vivendi* with the Taliban in order to persuade them to control terrorist movements that might enter Xinjiang

In this context, which countries can China count on? There are few. First of all, there will be Russia, which has become a sort of quasi-ally, Pakistan, which has always been an "any weather" friend, and North Korea, which is more of a burden than an asset.

PRIORITY GIVEN TO DOMESTIC CHALLENGES

However, these international perspectives are not likely to distract Xi Jinping from his domestic objectives. These will continue to take priority. The Sixth Plenum of the Central Committee of the Communist Party of China adopted a resolution in November 2021 in praise of the CCP and its leader. Presenting the first hundred years of the Party's history as an almost uninterrupted succession of victories and brilliant achievements, this text is intended to legitimise the perpetuation of Xi Jinping's rule and the domination of his so-called "thought". The 20th CCP Congress opening on 16 October 2022, which is expected to confirm Xi's continued rule while profoundly renewing the leadership and, less certain, promoting a potential successor.

That said, Xi Jinping is not as omnipotent and unchallenged as the plenum's communiqué would suggest. The resolution mentions a number of problems that he will have difficulty overcoming, including the lack of loyalty of a number of cadres, "decentralism", i.e. the excessive autonomy of local governments, as well as the persistence of corruption and the weakness of mechanisms for consulting the "people", who have officially been "masters of the country" since the creation of the regime in 1949. The revision of the Constitution introduced in 2018, which allows Xi Jinping to extend his presidential term as long as he wishes, the concentration of power in the hands of one man and the return of the personality cult are not well accepted by many members of the elites, both in the Party and in business and intellectual circles. In addition, the tougher crackdown on any dissenting voice, despite the weakness of the prodemocracy movement, is weighing on the public mood and affecting Xi's popularity. In short, Xi Jinping's future is not as clear-cut as is often suggested: political developments in China have often surprised us. Why should this not be true in the future?

In order to strengthen the legitimacy of the party, Xi Jinping has adopted a new strategy summarised by the slogan "common prosperity". His aim is to reduce inequalities and improve social protection nets, especially for migrant workers (about 270 million urban dwellers) and rural dwellers, who still represent 36% of the population. However, this protection is largely financed by local governments, in particular provinces and municipalities. Despite the redistribution efforts it will make, Beijing will find it very difficult to impose a uniform application of this policy on all local governments.

The economy will continue to be Xi Jinping and the Chinese government's primary concern. Already, the slowdown in growth and the increasing number of bankruptcies in the real estate sector point to more difficult days ahead. Moreover, other challenges await the

Party, which are primarily economic: the priority given to the state sector and the temptation to shorten the leash on private companies, under the pretext of combating the abuse of dominant position by Alibaba or Tencent, are likely to compromise further development, increase the risk of stagflation and, in the long term, see the Chinese economy become snared in the famous "middle income trap". In reality, only a greater expansion of the private sector and greater openness to the outside world can create jobs and allow China to continue its modernisation. But can Xi's CCP accept the political implications of this choice?

Other challenges include a rapidly ageing population, a falling birth rate, the growing frustration of a youth that cannot find jobs commensurate with its qualifications, the cost of housing and the repressive paternalism of a government that constantly seeks to curb the inclinations and desires of a more autonomous urban society eager for personal, if not political, freedom. All these factors will force Xi Jinping, or his successor, to govern the country with greater discernment.

CHINA NUMBER 1?

All this brings us back to our starting point: can China become number one? Japan tried in the past, and failed. The People's Republic has more advantages, notably the size of its economy and its army, and the number of its talents. But China will continue to be challenged by many domestic economic, social and political difficulties that will make it reluctant to take undue risks on the international stage.

In these circumstances, can China take the place of the United States? Will Xi Jinping's China embark on a military adventure? The answer is no. Rather, we are heading towards a new bipolarity, which will remain asymmetrical because of the domestic challenges that Beijing will continue to face, and towards a new type of cold war, because of the irreducible interdependence between the Chinese and American economies. Raymond Aron's formula will remain valid for the foreseeable future and, in particular, for the Sino-American relationship: "*war impossible, peace improbable*".

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